

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of fresh water and brine water mud system. The applicable depth and properties of this system are as follows:

| <u>Depth</u> | <u>Type</u>                 | <u>Weight<br/>(ppg)</u> | <u>Viscosity<br/>(sec)</u> | <u>Waterloss<br/>(cc)</u> |
|--------------|-----------------------------|-------------------------|----------------------------|---------------------------|
| 0 - 400      | Fresh Water<br>(spud mud)   | 8.8                     | 30 - 35                    | N/C                       |
| 1500-TD      | Brine water,<br>SWG, Starch | 10.0                    | 30                         | 24                        |

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

A. A kelly cock will be kept in the drill string at all times.

8. Logging, Testing and Coring Program:

A. Drillstem tests will be run on the basis of drilling shows.

B. The electric logging program will consist of GR-Dual Laterolog and GR-Compensated Neutron-Density from TD to surface casing.

C. Conventional coring may be performed in select intervals if deemed necessary.

D. Further testing procedures will be determined after the production casing has been cemented at TD based on drill shows and log evaluation.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressure or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 94° and estimated maximum bottom-hole pressure (BHP) is 1000 psig. No abnormal concentrations of hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. All H2S operation precautions will be followed (see attached H2S drilling operations plans). No major loss circulation zones have been reported in offsetting wells.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is January 15, 2001. Once commenced, the drilling operation should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.